

Message Text

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PAGE 01 KHARTO 01677 260551Z

11

ACTION XMB-07

INFO OCT-01 AF-10 ADP-00 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 OPIC-12 CIEP-02

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R 251230Z JUL 73

FM AMEMBASSY KHARTOUM

TO SECSTATE WASHDC 6863

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E.O. 11652: N/A

TAGS: EFIN, SU

SUBJ: LOCOMOTIVES FOR SUDAN RAILWAYS

REF: STATE 141218

1. SUMMARY: ON BASIS INITIAL INQUIRIES EMBASSY DOES NOT BELIEVE SUDAN RAILWAYS (SR) HAS SET FIRM MINIMUM ON OFFER FOR LOCOMOTIVES. RE UTILITY OF NEW EQUIPMENT, IMPROVED MANAGEMENT PERHAPS MORE IMPORTANT, BUT IBRD FOCUSING ON THIS AND SR HAS AGREED ACCEPT HELP. NEW EQUIPMENT COMBINED WITH MANAGEMENT ASSISTANCE COULD PLAY ROLE IN IMPROVING EXPORT PERFORMANCE. EMBASSY BELIEVES NOW IS TIME FOR US MANUFACTURERS TO BREAK INTO WHAT COULD BE LARGE SUDANESE LOCOMOTIVE MARKET IN YEARS AHEAD. END SUMMARY.

2. FOLLOWING IS INTERIM REPLY TO REFTEL BASED ON CONVERSATION WITH DIRGEN, NATIONAL COUNCIL PLANNING, DR. NASR EL-DIN MUBARAK (FORMER U/S OF RECENTLY ABOLISHED MIN PLANNING) AND ON GENERAL EMBASSY OBSERVATIONS RE SR. EMBOFF HOPES SEE U/S MIN TRANSPORTATION AND COMMUNICATIONS (UNTIL MAY GENERAL MANAGER SR) EARLY NEXT WEEK SINCE SR DEVELOPMENT IS FOCUS HIGH GOS ATTENTION AND PRUCHASE AUTHORITY MAIGHT BYPASS PLANNERS. WILL PURSUE MATTER FURTHER AND ADVISE.

3. MINIMUM BID: DR. NASR EL-DIN DOES NOT BELIEVE SITUATION HAS LIMITED OFFICIAL USE

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PAGE 02 KHARTO 01677 260551Z

CHANGED SINCE THAT DESCRIBED BY FORMER U/S PLANNING ALI SAHLOUL

TO VISITING EXIM OFFS AUG 72. IN OTHER WORDS, SR WTILL SEEKING OFFERS FOR LOCOMOTIVES WITH FINANCING AND WILLING CONSIDER ANYTHING WITH NO MINIMUM NUMBERS INVOLVED. WHETHER PURCHASES ACTUALLY BE MADE REMAINS BE SEEN. DR. NASR EL-DIN NOTED THAT SR SUPPOSED MAKE EQUIPMENT PURCHASES FROM SURPLUS IN ITS ALLOCATED BUDGET. IF SR WISHES SPREAD OUT PURCHASES OVER SEVERAL YEARS THIS WOULD REQUIRE CONSULTATION WITH PLANNING COMMISSION. NO SUCH CONSULTATIONS HAVE TAKEN PLACE WITH REGARD TO PURCHASE 20 LOCOMOTIVES. MOREOVER, DR. NASR EL-DIN NOTED SR ALREADY WORKING WITH TOTAL 20 MILLION AMRKS IN CREDITS FROM FRG, SMALLER AMOUNT FROM AFDB, AND FURTHER LOAN FROM IDA ALSO LIKELY.

4. UTILITY OF NEW LOCOMOTIVES: FIRM EMBASSY ASSESSMENT OF UTILITY IS DIFFICULT. IBRD IS EXPERT ON SR AND EITHER DEPT OR EXIM MIGHT WISH MAKE APPROPRIATE INQUIRIES THERE. POINT MADE REFTEL ABOUT NEED FOR IMPROVED MANAGEMENT IN ORDER PROPERLY UTILIZE OLD EQUIPMENT OBVIOUSLY VALID. THIS IS ONE OF PRIME OBJECTIVES IBRD, AND IT IS OUR UNDERSTANDING AUSTRALIAN RR WILL ACT AS MANAGEMENT CONSULTANT UNDER PROPOSED IDA LOAN. THIS LOAN AGREEMENT NOT YET SIGNED, HOWEVER, AND WILL NOT GUARANTEE SOLUTIONS TO ALL PROBLEMS, BUT AT LEAST IBRD/SR ATTENTION FOCUSED IN RIGHT DIRECTION. IT ALSO GENERALLY ACCEPTED BY EXPERTS THAT MORE DIESEL LOCOMOTIVES REQUIRED FOR EFFICIENT OPERATION. IT OUR UNDERSTANDING, HOWEVER, THAT IDA LOAN MIGHT FINANCE SOME LOCOMOTIVES AND IBRD REPORT OF JUNE 72 INDICATED PRIORITY NEED FOR ONLY 15. (THIS CASTS FURTHER DOUBTS ON GM FIGURE OF 20. FRG AND AFDB LOANS DO NOT CONFLICT; FORMER IS FOR LARGELY SHUNTING LOCOMOTIVES, LATTER FOR WAGONS.) AS FOR IMPACT ON EXPORTS, DEFINITE PROJECTIONS CLEARLY IMPOSSIBLE, BUT MANAGEMENT HELP PLUS SOME NEW EQUIPMENT (WHETHER IDA, EXIM OR COMBINATION OF TWO) GIVE REASONABLE PROSPECT FOR IMPROVEMENT.

5. HOPE FOR US BREAKTHROUGH. ALTHOUGH OUR ANALYSIS IS SOMEWHAT LESS THAN A FULL ENDORSEMENT, WE RECOMMEND ON BALANCE THAT EXIM FACILITATE GM MAKE ATTRACTIVE OFFER TOWARDS SATISFYING SR DIESEL NEEDS. WE BELIEVE LONG-RANGE PROSPECTS FOR RAILROAD EQUIPMENT IN SUDAN ARE GOOD AND NOW IS TIME FOR US MANUFACTURERS TO BREAK INTO MARKET WHICH HAS BEEN PROPERTY OF BRITISH, BELGIAN AND JAPANESE. NONE OF LATTER HAVE PERFORMED THAT WELL, BUT LONGER US LOCOMOTIVES EXCLUDED HARDER IT WILL BE TO BREAK MONOPOLY LIMITED OFFICIAL USE

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PAGE 03 KHARTO 01677 260551Z

AND OVERCOME STANDARDIZATION/APARE PARTS ARGUMENTS. FRITTS

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